

## § 1051.705

## 40 CFR Ch. I (7–1–11 Edition)

(g) You may increase or decrease an FEL during the model year by amending your application for certification under § 1051.225.

[67 FR 68347, Nov. 8, 2002, as amended at 70 FR 40504, July 13, 2005; 73 FR 59256, Oct. 8, 2008]

### § 1051.705 How do I average emission levels?

(a) As specified in subpart B of this part, certify each vehicle to an FEL, subject to the FEL caps in subpart B of this part.

(b) Calculate a preliminary average emission level according to § 1051.720 for each averaging set using projected U.S.-directed production volumes from your application for certification, excluding vehicles described in § 1051.701(d)(4).

(c) After the end of your model year, calculate a final average emission level according to § 1051.720 for each type of recreational vehicle or engine you manufacture or import. Use actual U.S.-directed production volumes, excluding vehicles described in § 1051.701(d)(4).

(d) If your preliminary average emission level is below the allowable average standard, see § 1051.710 for information about generating and banking emission credits. These credits will be considered reserved until we verify them in reviewing the end-of-year report.

(e) If your average emission level is above the allowable average standard, you must obtain enough emission credits to offset the deficit by the due date for the final report required in § 1051.730. The emission credits used to address the deficit may come from emission credits you have banked or from emission credits you obtain through trading.

[67 FR 68347, Nov. 8, 2002, as amended at 70 FR 40505, July 13, 2005]

### § 1051.710 How do I generate and bank emission credits?

(a) Banking is the retention of emission credits by the manufacturer generating the emission credits for use in averaging or trading in future model years. You may use banked emission credits only within the averaging set in which they were generated.

(b) If your average emission level is below the average standard, you may calculate credits according to § 1051.720. Credits you generate do not expire.

(c) You may generate credits if you are a certifying manufacturer.

(d) You may designate any emission credits you plan to bank in the reports you submit under § 1051.730. During the model year and before the due date for the final report, you may designate your reserved emission credits for averaging or trading.

(e) Reserved credits become actual emission credits when you submit your final report. However, we may revoke these emission credits if we are unable to verify them after reviewing your reports or auditing your records.

[70 FR 40505, July 13, 2005, as amended at 73 FR 59256, Oct. 8, 2008]

### § 1051.715 How do I trade emission credits?

(a) Trading is the exchange of emission credits between manufacturers. You may use traded emission credits for averaging, banking, or further trading transactions. Traded emission credits may be used only within the averaging set in which they were generated.

(b) You may trade actual emission credits as described in this subpart. You may also trade reserved emission credits, but we may revoke these emission credits based on our review of your records or reports or those of the company with which you traded emission credits. You may trade banked credits within an averaging set to any certifying manufacturer.

(c) [Reserved]

(d) If a negative emission credit balance results from a transaction, both the buyer and seller are liable, except in cases we deem to involve fraud. See § 1051.255(e) for cases involving fraud. We may void the certificates of all engine families participating in a trade that results in a manufacturer having a negative balance of emission credits. See § 1051.745.

[70 FR 40505, July 13, 2005, as amended at 73 FR 59256, Oct. 8, 2008]